

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2013-1

RESPONSE OF UNITED STATES POSTAL SERVICE TO
QUESTIONS 6 AND 8-13 OF CHAIRMAN'S INFORMATION REQUEST NO. 5
(November 5, 2012)

The Postal Service hereby files its responses to questions 6 and 8-13 of
Chairman's Information Request No. 5, issued on October 31, 2012. Each question is
stated verbatim, and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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6. Please refer to Excel file CAPCALC-FCM-R2013.xls, tab: Presort Ltrs & Crds which shows the "New Price" of Repositionable notes as "0." The Postal Service's proposed Mail Classification Schedule (MCS) changes in Appendix A of the Notice do not reflect this price change. Please confirm that the Postal Service intends to eliminate the fee for Repositionable Notes for First-Class Mail, Presorted Letters/Postcards.
- a. If confirmed, please provide applicable changes to the MCS.
 - b. If not confirmed, please explain.

RESPONSE:

- a-b. Confirmed. Errata to Attachment A will be filed.

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8. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: L-F-P New Prices, cells: E92-G92.
- a. Please confirm that the prices reflect a discount between ADC and 3-Digit nonprofit nonautomation flats of 4.5 cents. If not confirmed, please explain.
 - b. Please reconcile the discounts in tab: L-F-P New Prices, cells: E92:G92 and J92:L92: with the discounts provided in Attachment B Workshare_Final.xls, tab: Standard Mail Flats, cell: F18, which shows the discount is equal to 5.2 cents. Provide revised workpapers as necessary.

RESPONSE:

- a. Confirmed.
- b. The discounts in LR-USPS-R2013-1/2 show the Nonprofit discount, while Attachment B shows the Commercial discount. In both ACR and price adjustment filings, neither the Postal Service nor the Commission has compared Nonprofit discounts to avoided costs, so long as there is both a Commercial and Nonprofit category for that particular price category. Instead, just the Commercial discount is used to calculate the passthrough. Since the Nonprofit discounts are generally lower than the Commercial discounts, showing just the Commercial passthrough protects against over 100 percent passthroughs for both Commercial and Nonprofit. A revised Attachment B is therefore not necessary.

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9. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: L-F-P New Prices, cells: E87:G87 and J87:L87.
- a. Please confirm that the prices reflect a discount between 3-Digit and 5-Digit nonprofit automation flats of 8.0 cents. If not confirmed, please explain.
 - b. Please reconcile the discounts in tab: L-F-P New Prices, cells: E87:G87 and J87:L87: with the discounts provided in Attachment B Workshare_Final.xls, tab: Standard Mail Flats, cell: F9, which shows the discount is equal to 8.7 cents. Provide revised workpapers as necessary.

RESPONSE:

- a. Confirmed.
- b. The discounts in LR-USPS-R2013-1/2 show the Nonprofit discount, while Attachment B shows the Commercial discount. In both ACR and price adjustment filings, neither the Postal Service nor the Commission has compared Nonprofit discounts to avoided costs, so long as there is both a Commercial and Nonprofit category for that particular price category. Instead, just the Commercial discount is used to calculate the passthrough. Since the Nonprofit discounts are generally lower than the Commercial discounts, showing just the Commercial passthrough protects against over 100 percent passthroughs for both Commercial and Nonprofit. A revised Attachment B is therefore not necessary.

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10. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: HD-Sat-CR New Prices, cells: D45:F45.
- a. Please confirm that the prices reflect a discount between Carrier Route and High Density nonprofit letters of 7.4 cents. If not confirmed, please explain.
 - b. Please reconcile the discounts in tab: HD-Sat-CR New Prices, cells: D45:F45 with the discounts provided in Attachment B Workshare_Final.xls, tab: Standard Mail HD-Sat Letters, cell: F10, which shows the discount is equal to 7.7 cents. Provide revised workpapers as necessary.

RESPONSE:

- a. Confirmed.
- b. The discounts in LR-USPS-R2013-1/2 show the Nonprofit discount, while Attachment B shows the Commercial discount. In both ACR and price adjustment filings, neither the Postal Service nor the Commission has compared Nonprofit discounts to avoided costs, so long as there is both a Commercial and Nonprofit category for that particular price category. Instead, just the Commercial discount is used to calculate the passthrough. Since the Nonprofit discounts are generally lower than the Commercial discounts, showing just the Commercial passthrough protects against over 100 percent passthroughs for both Commercial and Nonprofit. A revised Attachment B is therefore not necessary.

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11. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: HD-Sat-CR New Prices, cells: D46:F46.
- a. Please confirm that the prices reflect a discount between Carrier Route and High Density Plus nonprofit letters of 7.7 cents. If not confirmed, please explain.
 - b. Please reconcile the discounts in tab: HD-Sat-CR New Prices, cells: D46:F46 with the discounts provided in Attachment B Workshare_Final.xls, tab: Standard Mail HD-Sat Letters, cell: F11, which shows the discount is equal to 8.0 cents. Provide revised workpapers as necessary.

RESPONSE:

- a. Confirmed.
- b. The discounts in LR-USPS-R2013-1/2 show the Nonprofit discount, while Attachment B shows the Commercial discount. In both ACR and price adjustment filings, neither the Postal Service nor the Commission has compared Nonprofit discounts to avoided costs, so long as there is both a Commercial and Nonprofit category for that particular price category. Instead, just the Commercial discount is used to calculate the passthrough. Since the Nonprofit discounts are generally lower than the Commercial discounts, showing just the Commercial passthrough protects against over 100 percent passthroughs for both Commercial and Nonprofit. A revised Attachment B is therefore not necessary.

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12. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: HD-Sat-CR New Prices, cells: D51:F51.
- a. Please confirm that the prices reflect a discount between Carrier Route and High Density nonprofit flats of 4.9 cents. If not confirmed, please explain.
 - b. Please reconcile the discounts in tab: HD-Sat-CR New Prices, cells: D51:F51 with the discounts provided in Attachment B Workshare_Final.xls, tab: Standard Mail HD-Sat Flts-Prcls, cell: F10, which shows the discount is equal to 5.1 cents. Provide revised workpapers as necessary.

RESPONSE:

- a. Confirmed.
- b. The discounts in LR-USPS-R2013-1/2 show the Nonprofit discount, while Attachment B shows the Commercial discount. In both ACR and price adjustment filings, neither the Postal Service nor the Commission has compared Nonprofit discounts to avoided costs, so long as there is both a Commercial and Nonprofit category for that particular price category. Instead, just the Commercial discount is used to calculate the passthrough. Since the Nonprofit discounts are generally lower than the Commercial discounts, showing just the Commercial passthrough protects against over 100 percent passthroughs for both Commercial and Nonprofit. A revised Attachment B is therefore not necessary.

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13. Please refer to USPS-LR-R2013-1/2, CAPCALC-STD-R2013.xls, tab: HD-Sat-CR New Prices, cells: D52:F52.
- a. Please confirm that the prices reflect a discount between Carrier Route and High Density Plus nonprofit flats of 5.3 cents. If not confirmed, please explain.
 - b. Please reconcile the discounts in tab: HD-Sat-CR New Prices, cells: D52:F52 with the discounts provided in Attachment B Workshare_Final.xls, tab: Standard Mail HD-Sat Flts-Prcls, cell: F10, which shows the discount is equal to 5.5 cents. Provide revised workpapers as necessary.

RESPONSE:

- a. Confirmed.
- b. The discounts in LR-USPS-R2013-1/2 show the Nonprofit discount, while Attachment B shows the Commercial discount. In both ACR and price adjustment filings, neither the Postal Service nor the Commission has compared Nonprofit discounts to avoided costs, so long as there is both a Commercial and Nonprofit category for that particular price category. Instead, just the Commercial discount is used to calculate the passthrough. Since the Nonprofit discounts are generally lower than the Commercial discounts, showing just the Commercial passthrough protects against over 100 percent passthroughs for both Commercial and Nonprofit. A revised Attachment B is therefore not necessary.